

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 OPIC-12

COME-00 AGR-20 XMB-07 FRB-02 CIAE-00 DODE-00 INR-10

NSAE-00 PA-04 USIA-15 PRS-01 L-03 H-03 EUR-25 INT-08

SIL-01 LAB-06 DRC-01 /217 W
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P R 182044Z JAN 74

FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC PRIORITY 6099
INFO USCINCSO
AMEMBASSY GUATEMALA CITY
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L TEGUCIGALPA 0240

GUATEMALA PASS ROCAP

E.O. 11652: GDS

TAGS: EFIN, EIND, EAGR, HO, US

SUBJECT: FORESTRY: TAX PROBLEMS

REF: TEGUCIGALPA 184; TEGUCIGALPA 163; TEGUCIGALPA 149

1. SUMMARY: FINANCE MINISTER REVEALS STARTLING EVIDENCE OF
TAX EVASION ON PART OF LARGE LUMBER EXPORTING FIRMS IN
HONDURAS WHICH HAS LED TO PRESENTATION OF TAX ADJUSTMENT
CLAIMS TO SEVERAL FIRMS, INCLUDING SOME FROM U.S.
STEPS TO COLLECT BACK TAXES NOT EXPROPRIATION PLOY.
DATA ON COMPANIES INVOLVED WILL BE MADE AVAILABLE FOR
EMBASSY EXAMINATION. END SUMMARY.

2. IN RESPONSE TO WIDESPREAD CRITICISM THAT INCOME TAX
ADJUSTMENT CLAIMS PRESENTED LAST WEEK TO LARGE LUMBER
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EXPORTING COMPANIES ARE BEING USED AS A FORM OF

EXPROPRIATION, MINISTER OF FINANCE MANUEL ACOSTA BONILLA IN CONSERVATION WITH AID DIRECTOR JAN. 17 REVEALED THAT BEGINNING LAST SUMMER 21 AUDITORS FROM THE MINISTRY AND THE CENTRAL BANK TRAVELED TO THE VARIOUS CARIBBEAN COUNTRIES WHICH ARE IMPORTANT RECIPIENTS OF HONDURAN LUMBER SHIPMENTS IN ORDER TO INVESTIGATE THE OPERATIONS OF THE TEN LARGEST LUMBER EXPORTING COMPANIES IN HONDURAS. WHAT PROMPTED THE MINISTRY TO LOOK INTO THIS MATTER WAS THE FACT THAT OF 69 MILLION LEMPIRAS (\$34.5 MILLION) OF LUMBER EXPORTED FROM HONDURAS IN 1972 ONLY 800,000 LEMPIRAS (\$400,000) OR 1.2 PERCENT HAD BEEN PAID IN TAXES. AS OF THIS MOMENT, ACOSTA SAID, TAX ADJUSTMENT CLAIMS TOTALING APPROX. 4.1 MILLION LEMPIRAS HAVE BEEN PRESENTED AND THIS FIGURE WILL NO DOUBT GET LARGER AS MORE COMPANIES ARE EXAMINED. HE SAID THE MINISTRY HAS NOW SENT SOME FRENCH SPEAKING AUDITORS TO EUROPE TO CHECK ON SHIPMENTS RECEIVED THERE. HE ADDED THAT THE JOB IS GETTING EASIER AS COMPANIES ARE BEGINNING TO TELL ON THEIR COMPETITORS.

3. ACOSTA SAID THE AUDITS HAVE REVEALED ENORMOUS DIFFERENCES BETWEEN THE DECLARED VALUE OF EXPORTS FROM HONDURAS AND THE DECLARED VALUE OF LUMBER BY THE IMPORTING COUNTRY. FOR EXAMPLE, ONE COMPANY, JOSE LAMAS S. DE R.L. (CUBAN), HAS SET UP A PHANTOM FIRM IN THE BAHAMAS THROUGH THE MEDIUM OF WHICH ONE SHIPMENT LEAVING HONDURAS AT A DECLARED VALUE OF \$91 PER THOUSAND BOARD FEET WENT WITHOUT EVEN TOUCHING THE BAHAMAS TO PUERTO RICO WHERE THE VALUE WAS DECLARED AT \$180. ACOSTA ALSO SAID THAT ROBINSON LUMBER CO. OF NEW ORLEANS HAD BEEN FOUND TO HAVE EXPORTED LUMBER FROM HONDURAS AT A CERTAIN DECLARED VALUE TO BE SOLD TO BUYERS IN PUERTO RICO AND JAMAICA WHO WERE BILLED DIRECTLY FROM NEW ORLEANS AT A DIFFERENT DECLARED PRICE. ACOSTA ADDED THAT THE AUDITORS HAD USED HAWTHORNE LUMBER CO. AS A NORM BY WHICH TO MEASURE THE OTHER FIRMS AS HAWTHORNE'S RECORD OF TAX PAYMENT WAS GOOD.

4. ACOSTA SAID THE COMPANIES HAVE 30 DAYS TO EITHER PAY THE CLAIMS OR PROVE THAT THE CLAIMS ARE UNFOUNDED. IF THE GOH DOES NOT ACCEPT THE EVIDENCE PRESENTED TO OVERTURN A CLAIM, THE MATTER WILL BE TAKEN TO COURT AT WHICH TIME THE FACTS OF THE AUDITS WILL BE MADE PUBLIC. UP UNTIL THEN THESE FACTS WILL NOT BE MADE PUBLIC FOR FEAR OF STRONG PRESS CONFIDENTIAL

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AND/OR LABOR UNION ATTACKS AGAINST THE COMPANIES, ACOSTA SAID.

5. THE MINISTER EXPLAINED THAT THIS ACTIVITY HAD COME ABOUT AS PART OF A NORMAL PROCESS IN IMPROVING ADMINISTRATION OF TAX COLLECTIONS AND THERE WAS NO DIRECT RELATION BETWEEN THE TAX CLAIMS AND DECREE 103. HE ASKED THAT THE INFORMATION BE TREATED CONFIDENTIALLY, WITHIN THE U.S. GOVERNMENT ONLY. HE OFFERED TO MAKE THE RECORDS AVAILABLE

FOR STUDY BY THE EMBASSY ON A CONFIDENTIAL BASIS. EMBASSY IS
MAKING APPOINTMENT TO GET SPECIFIC DATA.
SANCHEZ

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